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State Dept. review  
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SECRET

February 1967

BRIEFING PACKAGE

KOREA

I. The North Koreans raised the tension along the Demilitarized Zone between North and South Korea last fall with a series of armed incidents, but the pressure was maintained only for a few weeks.

A. A flurry of attacks between mid-October and November 2 brought casualty figures for 1966 to 6 American and about 30 South Korean fatalities in 40 incidents. The 36 deaths compare with 20 South Korean soldiers killed in 1965, and only four in all of 1964.

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Uniformed patrols on sev-

eral occasions deliberately sought

out and attacked South Korean forces.

- C. The South Koreans retaliated. They mounted a raid on October 26 which inflicted about 30 casualties, and may have penetrated all the way through the DMZ into North Korea.
- D. Up to this point, the North Koreans had centered their harassment in sectors not manned by U.S. troops. On November 2, however, they ambushed an American patrol, killing six Americans and one South Korean who accompanied the Americans.
- E. The South Koreans carried out another strong reprisal raid the next day. Three teams made four separate attacks on North Korean installations in the DMZ. The North Koreans did not retaliate.

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II. The Military Armistice Committee met at Panmunjon on November 4, and the UN senior representative delivered a stern warning against further North Korean raids.

- A. The Communist representatives made no mention of the South Korean operations, and there have been no serious incidents since that time.
- B. The UN commander and the U.S. Ambassador also privately warned the South Koreans against any further attacks on the Communists.

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III. We can not say for sure just what the intention of the North Koreans was.

- A. They may have been testing the effectiveness and reaction of South Korean troops which had only recently been deployed to the Demarcation Line.
- B. If their intention was to show the South Korean government that the Communists could retaliate for Korean participation in the Vietnamese war, the Communists appear to

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have given up early, after a minimal effort.

1. A major policy statement by Kim Il-song on October 5 contained the customary offer to send North Korean volunteers to Hanoi, but there was no threat to open a "second front" in Korea.

2. Pyongyang has made little of no effort in its propaganda to claim that the DMZ clashes show Communist support for the Viet Cong.

IV. The regular North Korean agent operations in and through the Demilitarized Zone are at a low ebb right now, part of the pattern of previous years.

- A. These operations regularly taper off as soon as the foliage disappears and snow begins to fall. They are infrequent from November through February.

V. Two naval incidents off the east coast, in an area of previous clashes involving North and South Korean fishing boats and patrol craft, may have been intended by Pyongyang to maintain tension generated by the armed incidents along the DMZ.

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- A. One ROK navy patrol craft received superficial damage on November 22 and one patrol escort vessel was sunk on January 19 by North Korean shore batteries. The latter case may have been a well laid trap by North Korean coastal defense units.

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BRIEFING PACKAGE

PAKISTAN

- I. In Pakistan, the tension arising from the hostilities with India over Kashmir has eased. President Ayub Khan is still in full control, and apparently is able to deal with any threat to his rule.
  - A. The military appears solidly behind Ayub, despite some grumbling among junior officers.
  - B. Most members of Ayub's political party remain loyal to him. There is some dissatisfaction, partly led by the pro-Chinese former foreign minister, Bhutto.
  - C. A seven-year ban against political activity, imposed by Ayub on most of the country's leading civilian politicians of the 1950s, expired on December 31st. To the extent that these men have resumed political life, at least as many are supporting Ayub as opposing him.
  - D. East Pakistani separatists are less active than last spring and summer, but are still vocal.

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- II. No progress is being made toward negotiating Pakistan's problems with India.
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- B. Indian plans to build a dam which would divert a large part of East Pakistan's water could become a serious problem.
- C. Neither country appears willing to push the disagreements to open hostilities again in the near future.
- III. Ayub continues to try to maintain a balance between East and West in his foreign policy.
- A. Relations with China are still good, although Peking apparently can spare no more arms. The Chinese Communists have already supplied nearly 70 jet aircraft, and more than 100 tanks.
- B. Relations with the USSR have warmed, but neither country has gotten anything significant from the other.
- IV. Many Pakistanis are upset with the US for cutting off arms aid, and for not backing Pakistan against India.

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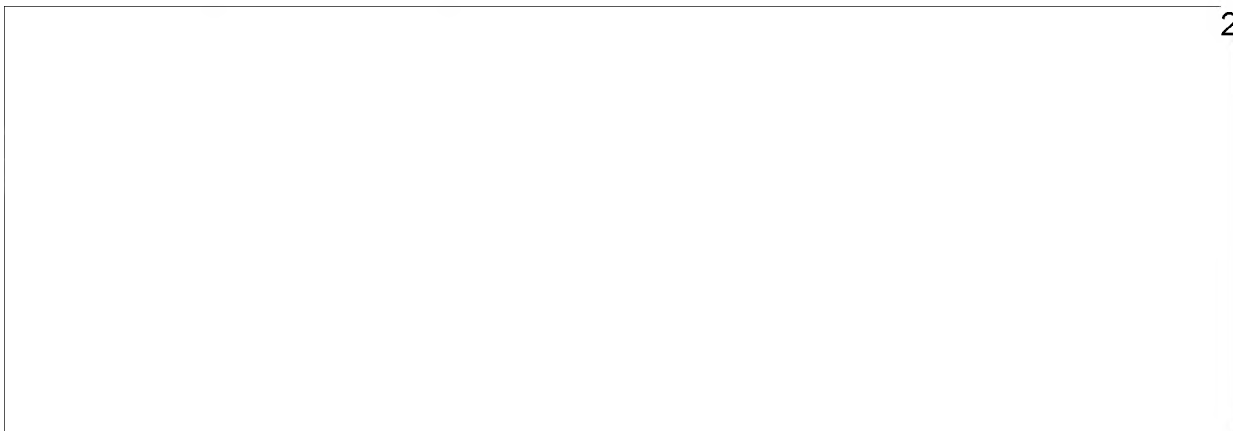


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B. Ayub realizes that he needs food and economic aid from the US to keep Pakistan going, and so will be extremely cautious about risking any open break with Washington.

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February 1967

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CYPRUS

- I. The Cyprus dispute is still with us, and there is no solution in sight.
  - A. Conversations between the Greek and Turkish governments had caused some cautious optimism, but there has been no agreement on substantive differences. Athens still insists that any solution must not rule out eventual enosis, meaning union with Greece. Ankara demands some form of Turkish presence on the island as an adequate guarantee of the safety of the Turkish Cypriot community.
  - B. Greece's interim government, although expressly in favor of a resumption of the dialogue, has yet to make a formal declaration of intent to Ankara. Ankara is pessimistic about chances of reaching a useful agreement with the temporary Greek government whose main concern will be to administer the elections in late May.

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- II. If the Greeks and the Turks should reach some agreement on the future of Cyprus, they will still face the major job of selling their solution to the President of Cyprus, Archbishop Makarios.
- A. Makarios has given the talks his unenthusiastic endorsement, but his actions continue to undermine chances for success by raising the tensions on the island.
- B. His latest move of this kind was the acquisition of light and heavy weapons from Czechoslovakia.
1. Athens controls the Cypriot National Guard. Makarios wants a military force independent of Greek control, and ordered the Czech arms to beef up the Cypriot national police force. The first Czech shipment reached Cyprus before the Greeks were even aware that Makarios was dealing with Prague.
  2. Athens had tried to take possession of the weapons, but Makarios has refused to turn them over to the Cypriot National

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Guard. He agreed only to let the UN Peace Force inspect them, and says the heavy arms will be used only in an "emergency" and the light arms are not likely to be distributed at least until April.

B. The Turks also raised a strong protest, and can be expected to react strongly if Makarios goes through with his plans to issue the weapons. Prague suspended an additional shipment, which was to have included armored cars. [REDACTED] the cars may yet be delivered when the present controversy subsides.

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C. The incident points up how little leverage Athens has with Makarios. Greece has kept about 10,000 mainland troops on Cyprus since 1964, and General Grivas commands the Cypriot National Guard. Makarios, however, still manages to go his own way. With an interim government and a political crisis, Athens has even less chance of controlling him.

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III. The United Nations Peace Force, which has the task of heading off serious confrontations between the rival forces of Greek Cypriots and Turkish Cypriots, now numbers about 4,500 men. Its mandate at present runs to June 26, 1967, and there is financial pressure in the UN to reduce the strength. Most observers believe that any substantial reduction would seriously downgrade the ability of the UN Force to keep the peace.

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V. The Communist Party of Cyprus, with a membership of about 12,000, is the largest and best organized political group on the island. Makarios apparently believes he can control the party by exploiting its tacit support for Cyprus' policy for self-determination and territorial integrity.

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February 1967

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TURKEY

- I. The government of Turkey continues to affirm that Turkey is aligned with the West and loyal to NATO.
  - A. In the wake of the Cyprus crisis, however, there is a new attitude of independence in Ankara; there is less cooperation with the United States; there is a growing desire for trade with the Communist countries; and leftist elements have been able to mount an active campaign of anti-Americanism.
- II. The government of Suleyman Demirel has now been in power for one year, and retains wide public support. It has strengthened its control of parliament, bolstered the confidence of the business community, and solidified its relations with the top military command.
  - A. The military leaders were wary and suspicious a year ago when government passed to Demirel's

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Justice Party. They considered it a re-grouping of the elements which had supported former Premier Menderes.

- B. At the same time, however, they recognized that it had the strongest popular backing of any party, and offered the best chance of stable and effective government. Demirel's responsible leadership over the past year has justified the almost reluctant decision of the military command to let the Justice Party take over.

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- C. Demirel probably has enough opposition to keep him busy without the military. The educated urban elite and important segments of the press and the government bureaucracy are traditionally aligned with the main

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opposition group, the Republican People's Party of former premier Inonu.

- D. Leftism, which was vigorously suppressed before the military revolution against Menderes in 1960, has gained a new respectability in Turkey. The Republican People's Party has been giving greater stress to leftist themes, and the Turkish Labor Party, a Marxist group, has a solid representation in the National Assembly.
1. These leftist elements are doing their best to exploit American activities in Turkey, and incidents involving Americans, to create anti-American sentiment.
  2. They then use the demonstrations of anti-Americanism they have instigated to bring pressure on the government to reduce or restrict the American presence in Turkey.
  3. Most of the demonstrations of anti-Americanism in Turkey in recent months have either been promoted or exploited by elements connected with the Turkish Labor Party.

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III. The government has, in fact, been much less forthcoming in its cooperation with the United States, although this should be attributed much more to the Cyprus problem--and the desire to improve relations with the Soviet Union--than to the workings of the leftists.

A. One of the most important problems in US-Turkish relations at present is a reappraisal, at Ankara's request, of some 55 U.S.-Turkish bilateral agreements.

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C. The Cyprus question, with its inherent strains on Turkish relations with both Greece and the United States, remains a dilemma for Ankara.

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1. Public interest in the dispute has waned, but the Turkish Government remains firmly committed to support and protect the Turkish Cypriot community--by military intervention if necessary.
2. Intervention on Cyprus would be a major military operation for the Turks, almost certainly running the risk of war with Greece in view of the 10,000 regular Greek troops on the island.
3. It would require the use of NATO-committed forces, and weapons subject to U.S. Military Assistance Program restrictions. The Turks may be considering the creation of additional military forces not committed to NATO, and not subject to restrictions on US-supplied armament.

IV. Turkish moves toward a detente with the Soviet Union, except for economic relations, have been cautious and restrained.

- A. Soviet Premier Kosygin was given a cool and at times hostile reception by Turkish crowds on his recent visit to Ankara.

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B. The Turks have, however, cited concern for their relations with the Russians in such moves as turning down U.S. naval visits to Turkish Black Sea ports

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C. The Turks have accepted Soviet economic aid, and a small but increasing share of Turkish trade has been swinging to the Soviet Union and Eastern Europe.

1. There have also been unofficial economic contacts with the Chinese Communists; but there appears to be little likelihood of any substantial development there in the near future.

V. The Turkish economy has shown increasing signs of health in the past year, due in part to a bumper agricultural crop.

A. Turkey still faces serious economic problems, including the threat of inflation, due largely to rising production and investment based on slender capital reserves.

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B. There is a general consensus, however, that Turkey's economic program for the coming year is more reasonable than those of past years. Balance-of-payments estimates are generally fair, and Turkish leaders have indicated their readiness to take all necessary measures to ensure economic stability.

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29 January 1967

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EGYPT

- I. The prestige of Egyptian President Nasir in the Arab world is at its lowest point of recent years, and he has severe economic problems at home, but there is no indication that he will moderate any of his policies.
  - A. Nasir would like to destroy Israel and establish Egyptian hegemony over the entire Middle East, but for the moment his principal concern is getting enough for the Egyptians to eat.
  - B. The US-Egyptian agreement for Public Law 480 wheat has not been renewed.
    1. Egyptian foreign exchange holdings are very low, so that Cairo can seek only small quantities of wheat in the open world market.
    2. The Soviet Union has promised to help, and can do so from its record crop.  25X1  
 they have agreed 25X1  
to supply Egypt with 650,000 tons over the next few months.

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3. Egypt has to import about two and a half million tons a year. In the past, PL-480 shipments have run as high as 1.5 million, but in the last full crop year they fell short of one million tons.

C. Nasir is bitter. In a speech just before Christmas, he charged that the United States had cleverly made Egypt dependent on PL-480 wheat and thus induced Cairo to put the resultant savings into development.

1. Then, Nasir charged, we began to impose conditions on the agreement, calling for restrictions on Egyptian missile and nuclear research and other defense expenditures.
2. When Nasir rejected these strings, he says, the United States began what he calls a "war of starvation." He also reportedly said that within two years Egypt's economic situation will improve to the point where he can then "thumb his nose at the West."
3. I would anticipate a rash of tirades of this nature from various nonaligned countries as they learn that there is no longer cheap surplus wheat to satisfy everybody's desires.

UAR-2

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- II. To cope with Egyptian economic problems, Nasir is curtailing the development program, even cutting back on Aswan Dam expenditures.
  - A. Shortages in a number of goods are increasing. There is growing discontent in the middle class.
  - B. The army, the mainstay of the regime, is still being pampered, and gets what it wants.
- III. In all fairness, the Egyptian Army could point out that it is entitled to some priorities with about 40,000 men still bogged down in the Yemen civil war.
  - A. As a result, Egypt is actually in poor shape to back up its calls for a more challenging Arab posture toward Israel.
  - B. Nasir's immediate target, however, is not Israel, but conservative King Hussein in Jordan.
  - C. Cairo is carrying on a fierce propaganda campaign against both Hussein and King Fay-sal of Saudi Arabia, the two moderates who are bucking Nasir's plans for a united radical Arab world.

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29 January 1967

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SYRIA

I. In Syria, members of the radical Baathist clique which seized power in February 1966 continue to be split into factions.

A. Last September the regime crushed a coup attempt by one of its members, Major Salim Hatum, who subsequently fled to Jordan.

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II. Meanwhile, the regime as presently constituted continues to take a radical posture.

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B. A mutual defense pact was signed with Egypt last November, and both countries are concerting their strident campaign against Jordan since the Israeli raid into Jordan in November.

III. The Syrians last December seized the pipeline of the Iraq Petroleum Company (IPC) in retaliation for the company's refusal to double the transit fee and pay \$100 million in retroactive increases.

- A. Syrian demands on the company have been totally unrealistic, and the shutdown is likely to have adverse economic consequences not only for Syria, but especially for Iraq.
- B. The Syrian move may have been designed in part to put pressure on the more moderate Iraqi Government. Both Cairo and Damascus have been putting pressure on Baghdad to nationalize the Iraq Petroleum Company.

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C. IPC royalty payments account for 70 percent of Iraq's annual \$360-million oil income and 40 percent of the Iraqi national budget.

IV. IPC, a partnership of Mobil Oil, Standard Oil of New Jersey, British Petroleum, Compagnie Francaise des Petroles, and the Gulbenkian interests, feels that it cannot pay appreciably more to Iraq and Syria without being priced out of the market.

- A. IPC offered an extensive expansion of the oil fields in southern Iraq if the Syrians keep the pipeline from the northern fields to the Mediterranean shut down.
- B. Lebanon's oil needs, normally covered by IPC's Iraqi-Syrian pipeline, are now being filled through the pipeline from Saudi Arabia.
  - 1. The Lebanese, however, stand to lose about \$4 million a year in transit fees if the IPC pipeline remains shut down.
  - 2. Furthermore, the Aramco pipeline from Saudi Arabia to Lebanon also runs through Syria, and is thus vulnerable to Syrian pressure.

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C. The Iraqi regime by its public statements  
may be working itself into a position where  
it may have little choice but to seize IPC  
installations.

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29 January 1967

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YEMEN

I. In Yemen, an agreement signed by Egypt's Nasir and Saudi Arabia's Faysal in August 1965 stopped the four-year-old war, at least temporarily, but there has been virtually no progress beyond the cease-fire toward a solution.

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B. The Egyptians, who in the past have backed the Yemeni republicans with up to 60,000 troops, have reduced their forces to about 40,000 men.

C. Efforts by Kuwait to mediate a conclusion of the war and establishment of a joint Yemeni government have come to nothing.

II. Meanwhile, Yemen became a virtual Egyptian colony in August, 1966, when Nasir sent Yemen's President Sallal back from Cairo to resume control of the government.

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- A. All Yemeni republican leaders not subser-  
vient to Egypt have been jailed, dismissed  
from the government, or forced to flee to  
safety in the hills or in Saudi Arabia.
- B. Royalist and republican Yemenis have not  
yet been able to unite, however, against  
the common foe--Sallal and the Egyptians.

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4. Egyptian aircraft attacked a northern Yemeni village early in January with poison gas, causing a reported 200 deaths.

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February 1967

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WHITE SOUTHERN AFRICA

- I. The British showdown with Rhodesia in recent months has to some degree shifted the spotlight away from the so-called "white redoubt" in Southern Africa--the Republic of South Africa, and Portuguese Angola and Mozambique.
  - A. In South Africa, the new regime which took over when Hendrik Verwoerd was assassinated is as dedicated as he was to the continuation of undiluted white rule and of apartheid (racial separation).
  - B. Portugal is managing to contain increased insurgency in Angola and Mozambique.
  - C. The new African nations are hoping that the sanctions which the United Nations voted against Rhodesia can be extended to hit South Africa and Portuguese Africa as well, since Rhodesia gets help from her neighbors in surmounting the sanctions.
  - D. At the moment, however, the existing regimes appear to be securely in control of their "white redoubt."

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Portuguese Africa

II. Portugal should easily retain control in Angola and Mozambique for the foreseeable future, notwithstanding the recent increase in rebel activity.

A. In Mozambique on the east coast, improved Portuguese equipment and military tactics have enabled the government to confine the insurgency, based in Tanzania, to remote bush areas along the northern border.

1. Even that area is at best a no-man's land. The capabilities of the insurgents have improved, but they do not have the strength to establish administrative control in any areas.

2. They are too weak to challenge the Portuguese in any areas Lisbon wishes to defend.

III. The resurgence of rebel activity in Angola is of far greater concern to the Portuguese at present.

A. Angolan nationalists, raiding from bases in the Congo and Zambia, recently have made larger attacks than normal.

B. However, the Angolans in the Congo are split and disorganized. Thus far, their uncoordinated raids and sabotage show no signs of developing into a serious military threat to political

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control, even in areas where Portuguese forces are as yet small and scattered.

C. Portugal is in the fortunate position of controlling the trade routes of most of the countries which can offer bases for the insurgents--the Congo and Zambia.

1. Lisbon takes a cooperative attitude toward these countries as long as they encourage restraint in support for anti-Portuguese nationalists.
2. Whenever the cooperative policy fails to produce results, Lisbon can squeeze down on the trade routes by graduated degrees until the desired response is obtained.
3. When a recent attack along the main Angolan railroad led to a brief suspension by Lisbon of Congolese and Zambian transit trade, the Congo Foreign Minister expressed his regrets over the raid and said that the government in Kinshasa would take every possible action to prevent further incidents.
4. Even insurgent chief Holden Roberto, who lives in Kinshasa and doesn't want to be

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thrown out by the Congolese, said that his insurgents are instructed to confine their efforts to minor harassment.

South Africa

IV. Johannes Vorster, the new Prime Minister of South Africa, is continuing the foreign and domestic policies of Verwoerd, whose assassination last September had no political overtones.

A. The two top foreign policy issues for South Africa today are Rhodesia, and the old League of National mandate of South-West Africa.

1. South Africa would prefer to avoid a direct confrontation with Britain and the United States over the United Nations sanctions. Pretoria hopes that the British and Rhodesians can reach some kind of settlement before the point where there might be strong pressure to extend the sanctions to South Africa.

2. South Africa, however, almost certainly will continue to support the Rhodesians, giving them outlets to circumvent the sanctions in addition to continuing the direct trade between the two countries.

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3. South Africa itself is a potential target for UN sanctions, and the Vorster government would like to help Rhodesia demonstrate the ineffectiveness of such measures, particularly against so-called "white southern African."

B. South Africa continues to assert its right to govern South-West Africa without UN supervision.

1. The International Court of Justice ruled last summer that Liberia and Ethiopia lacked a proper "legal standing" as plaintiffs for their suit to have the League mandate transferred to the United Nations.
2. Pretoria claims that this decision confirms South Africa's legal position in the area.
3. To reinforce the decision, the South Africans may soon launch an international public relations campaign to emphasize its accomplishments in South-West Africa, such as the schools, hospitals, housing and roads which serve the African population.

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4. Such a campaign, however, might also generate a counter-campaign which could expose recent African unrest in the territory larger than South Africa admits.

C. It is highly unlikely that UN sanctions will be taken against South Africa over these or other issues. The major powers which would have to enforce them almost certainly would refuse to do so.

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2. UN sanctions against South Africa also would have serious consequences for several small, neighboring black African states, some of whom would not participate.

3. Nonetheless, South Africa is continuing contingency plans which would allow it to survive total sanctions for several years, even in the unlikely event that such sanctions would get universal compliance.

D. The Vorster regime is continuing the increased sophistication Verwoerd began in South Africa's relations with black African countries.

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1. Pretoria, for instance, has shown some willingness to accept as equals the leaders of the newly independent countries of Lesotho and Botswana--formerly British Basutoland and Bechuanaland.
  2. It is helping the conservative government of nearby Malawi with some development projects.
  3. As far as we can determine, South Africa has been wary about associating itself with the schemes of various adventurers to return Tshombé to power in the Congo.
- V. Within South Africa, the ruling Nationalist Party is continuing to expand its apartheid policy of racial separation.
- A. The economic demands of a booming economy and a scarcity of white labor has produced some opposition from businessmen in the ruling Afrikaner group to a doctrinaire application of apartheid in job restrictions.
  - B. Some labor unions and white militants, in turn, have objected to any modification of apartheid, such as "lowering" job racial qualifications to permit non-whites in certain employment.

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- C. The ruling party faces no political threat from these small groups, however, nor from the almost politically extinct white liberal parties.
- D. The South African Communist party has been crushed.
- E. The disorganized non-white population offers no threat to the government's effective security laws and forces.

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February 1967

BRIEFING PACKAGE

RADICAL AFRICA

- I. The influence of the more radical nations of West Africa--Brazzaville Congo, Mali, and Guinea--declined in 1966, and one of the prime movers dropped from the ranks when Kwame Nkrumah was overthrown in Ghana.
  - A. The heady political exuberance of independence has given way to the sobering discovery that there isn't very much pie in the sky.
  - B. In other words, the new governments have found out that independence is not just a matter of taking over a bonanza from the colonialist powers.
    1. They are all having trouble keeping their economies on an even keel.
    2. There is an increasing dependence on foreign aid.
    3. In particular, those who looked to the Communist world for economic aid have found that it is limited in scope, slow to pay off, and has to be repaid.

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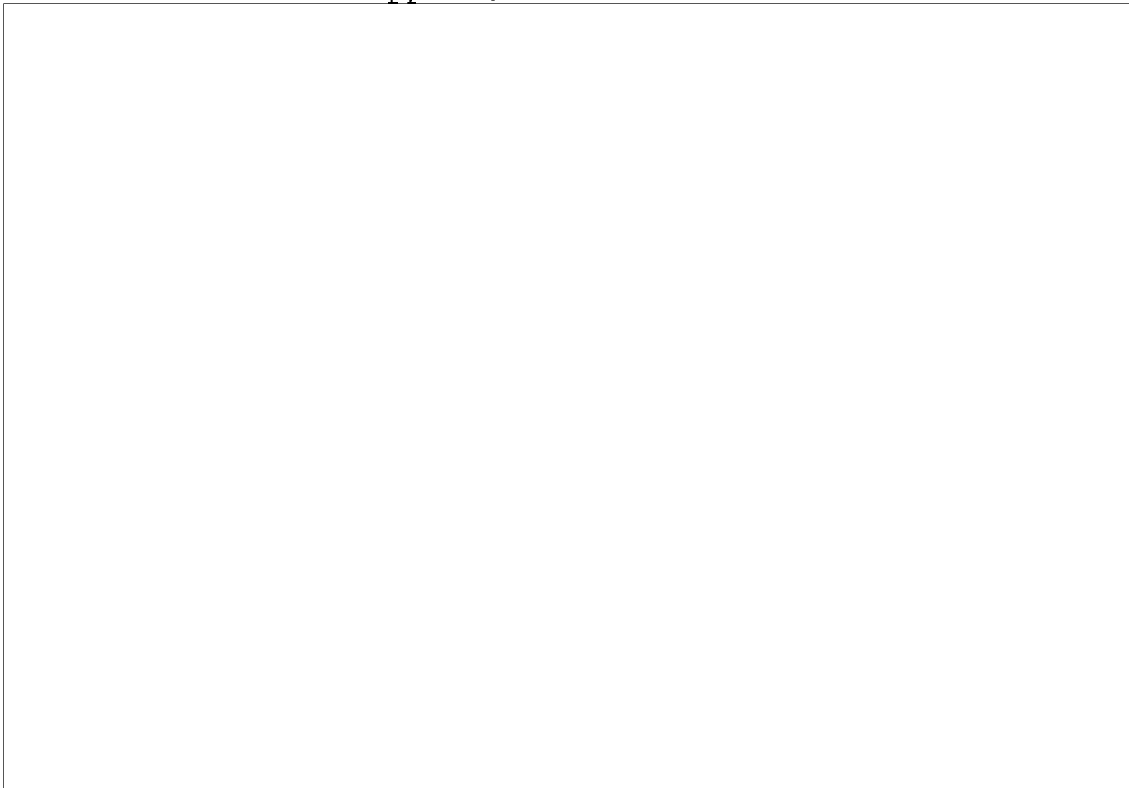
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(Congo-Brazzaville)

- II. In the former French Congo--Congo (Brazzaville), as it is called--President Alphonse Massamba-Debat is having trouble keeping control of a radical regime which is at odds with its military forces.
- A. The government is dominated by left extremists who have made little headway in either improving the economy or resolving ideological, tribal, and personal disputes.
  - B. The regime follows a Marxist line in international policy, and relies heavily on foreign Communist support.



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III. French interests still control most of the Brazzaville-Congo economy.

A. The French aid program is still the largest and most significant in the country. (In 1965, it amounted to \$11 million.)

1. Brazzaville has remained in the French franc zone, and extremist pressures have not yet forced the nationalization of industry.
2. The growth of Communist influence has eroded the French position, however, and harassment of French diplomatic personnel led to the recall of the Ambassador (quote) "for consultations."
3. (The United States has had no diplomatic representation in Congo-Brazzaville since August 1965, when we withdrew our personnel after similar harassment.)

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(Mali)

IV. Mali, which has been relying on Communist hand-outs to keep its economy afloat, has started formal negotiations to get French backing for its Malian franc and more French help with its other economic problems.

A. The Communist countries may yet outbid the French for influence in Mali, but President Mobido Keita reportedly is willing to accept considerable French control over the monetary policy of Mali to get back on good terms with De Gaulle.

1. Mali still takes a public stand with the Communists on international issues, but has toned down its propaganda attacks on the West.
2. United States relations with Mali are friendly, and we have a modest aid program there.
3. If Mali reaches financial agreement with France, this will probably also mean better relations with the moderate pro-French nations of Africa such as Ivory Coast and Senegal. Keita has made

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overtures in this direction, and his relations with the radicals, particularly Guinea, have cooled correspondingly.

B. Mali's main problem has been a series of recurrent foreign exchange crises which threaten to cut off essential supplies and transport lines.

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(Guinea)

- V. In Guinea, President Sekou Touré and his regime are zigzagging back and forth as though they were riding a pendulum.
- A. For instance, the regime sounds like Peking in its calls for a revival of the country's "revolutionary militancy," but at the same time Touré has soured on his now thoroughly unwelcome guest, former President Nkrumah of Ghana. Touré proclaimed Nkrumah "co-President" of Guinea when he was first overthrown; now Nkrumah is no longer allowed to make broadcasts.
- B. Similarly, Guinea apparently will depend increasingly on Chinese help in a drive for greater economic self-sufficiency, but at the same time Touré is trying to patch up his quarrels with the United States.
1. You will recall that last October, when the new Ghana regime took a Guinean delegation headed for an international meeting off a Pan-American Airways flight in Accra, Guinea blamed the United States.

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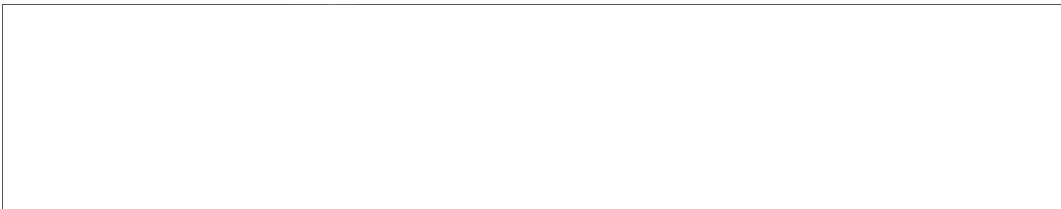
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2. The Peace Corps was ordered out of the country, five embassy officials were expelled, Pan-Am's landing rights were cancelled, and U.S.I.S. activities were suspended.
3. We called our ambassador home temporarily for consultation, withdrew some AID personnel, and cancelled some AID projects.
4. On December 14, President Touré apologized to our ambassador for the incident, explaining that he had been misled by some of his advisors and by foreign powers. Now a new modus vivendi is being worked out gradually.
5. Guinea apparently is not asking for U.S. food shipments, but does want certain technical aid projects continued, and still welcomes U.S. investment to develop bauxite deposits.



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- D. The Soviets have shown no eagerness to match new Chinese offers, but Moscow relations with Guinea remain fairly stable.

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- E. The outlook is for Touré to remain in power, but the leadership he used to exercise among the radical African states has been eroded by his economic and political problems at home.
1. He has a one-party system, but there are competing factions within the single party.
    - a. The high-handed behavior of party paramilitary groups irritates the regular security forces.

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(Ghana)

VI. Kwame Nkrumah, as I said, is no longer in a position of power. He appears occasionally at public functions in Guinea, but he has only about 100 followers with him.

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(Tanzania)

VIII. The principal remaining center of Communist activity now is in East Africa, at Dar es Salaam, the capital of former Tanganyika.

A. President Julius Nyerere of Tanzania is no Communist, nor is he a willing or conscious Communist stooge.

1. Tanganyika became Tanzania, in fact, when Nyerere merged his country with

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Zanzibar in an attempt to undo the Communist take-over of that island country.

- B. Nyerere is obsessed, however, with the liberation of the remaining countries of white Southern Africa.

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2. Nyerere has turned bitter and mistrustful against nations which he considers reluctant to exert every possible pressure against such nations as South Africa, Portugal, and Rhodesia.

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C. As Nyerere chokes off his relations with the West, he becomes increasingly dependent on Communist assistance.

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D. Tanzania is training and arming nationalists from all over southern Africa, with priority for Mozambique first, Rhodesia second.

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E. Tanzania is understandably nervous about the possibility of Portuguese retaliation, and is expanding its own defense forces.

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G. Nyerere came to power as one of the promising, British-trained African moderates, but his desire to remake Africa around him is making him a captive of Communists and other extremists.

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February 1967

BRIEFING PACKAGE

NIGERIA

- I. Nigeria is a separate problem in Africa. Deep tribal and regional antagonism has ripped up an artificial national unity that rested precariously on more than 250 separate and often quarreling tribes.
  - A. Two military coups in the past year swept away the main political leaders and institutions of the federation which the British had created. These coups were basically a reflection of the division between the more numerous and backward Northerners--most of them Muslims--and the more advanced tribes--some of them Christian--of the coastal regions.
  - B. At present there is a near stalemate; the four principal regions have found it extremely difficult to conduct negotiations, let alone reach agreement.

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1. The federal military government, since the second coup last summer, has been headed by a Christian Northerner, Lt. Col. Gowon. Gowon wants a strong central government, and more small states instead of the four regions.
  2. The oil-rich Eastern region, led by Lt. Col. Ojukwu, is dominated by the Christian Ibo tribe. Ibos, under the old civilian regime, had many of the better civil service jobs in the North because of their better education. During the second coup, undisciplined northern soldiers began a pogrom against Ibos in the army culminating in a mass slaughter last fall of Ibo civilians all over the North. Now the Ibos insist on a loose union in which the four regions would share certain common services.
- C. The meeting of Nigeria's top leaders last month in Ghana reduced tensions momentarily, but they have already begun to build up again.

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1. The area of announced agreement was limited to begin with and now it is evident that Gowon and Ojukwu differ sharply over what was agreed to.
2. Accelerating the new downward trend are urgent new pressures from minorities in the North and East who are demanding separate states.
  - a. Last week Gowon again publicly associated himself with this campaign which could lead to civil war should he or any successor try to force such a division on the East.

II. The United States has no military commitments in Nigeria, but we must perforce be interested in developments in the most populous country in Africa, with some 50 million inhabitants.

- A. The largest AID, Peace Corps, and U.S.I.S. programs in Africa are all located in Nigeria.

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CONFIDENTIAL

February 1967

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SPAIN

- I. Generalissimo Francisco Franco has finally dealt with the problem of his succession.
  - A. The Spanish people in a referendum on December 14 gave overwhelming approval to the constitutional law which he devised.
  - B. It provides some cautious changes which do not immediately affect Franco's authoritarian rule, but will permit some liberalization after he goes.
    1. It reaffirms that Spain is a monarchy, and outlines the procedure for choosing Franco's royal successor as chief of state. It also permits designation of a nonroyal regent who could continue the present authoritarian regime.
    2. One major innovation is a provision that the chief of state can appoint a premier. This makes it possible to separate Franco's dual positions as chief of state and premier.

SP-1

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C. Among the few measures of political liberalization are: direct election of about one fifth of the Cortes; voting privilege for married women; religious liberty for non-Catholics as a legal right; and termination of Falange control over labor syndicates.

1. Political parties are still outlawed.

II. Franco is likely to continue in office until he dies or is incapacitated.

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B. He may appoint a premier but will most likely refrain from naming his successor as chief of state. The most logical choice for premier is captain General Agostin Munoz Grandes, the present vice chief of government.

C. There is no threat to his tenure from the three power groups in Spain.

1. The security forces remain loyal.

2. In the other two pillars of his support --the business interests and the Catholic Church--whatever discontent there is looks for changes after Franco goes, not for his removal or restriction.

SP-2

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D. Opposition groups are illegal and disorganized.

1. Most opposition leaders are also more concerned with changes after Franco goes than with trying to oust him now.

III. The army will control the succession.

- A. The most likely choice for chief of state if Franco dies within the next few years is Don Juan de Borbon, son of the last king, Alfonso XIII.
- B. The new government would not be much less authoritarian than Franco's at the start, although it might permit liberalization more rapidly than Franco has done.

IV. US Spanish relations face some minor problems in the next two years.

- A. Madrid is pressing the US to support its bid for closer economic and defense relationships with Western Europe.
  1. It wants to be included in readjustments of Western defense arrangements which result from French withdrawal from NATO.
  2. It also wants US support in its current effort to regain Gibraltar.

SP-3

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- B. Madrid continues to forbid overflight rights for aircraft with nuclear weapons, as a result of the January 1966 crash at Palomares.
  - C. Spain may be inclined to bargain for additional benefits when the US-Spanish defense agreement comes up for review and possible renegotiation in 1968.
- V. Spain's economy continues to prosper.
- A. GNP shows a 9.2 percent annual average growth since 1960.
  - B. Per capita national income rose sharply in 1965 to \$595, the first year above the \$500 level which is generally considered the dividing line between an underdeveloped and a developed economy.
  - C. Inflationary pressures which were cause for concern in 1965 showed signs of tapering off in 1966.

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February 1967

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DOMINICAN REPUBLIC

I. In the Dominican Republic, the regime of President Joaquin Balaguer has made a generally encouraging start, but that is all. A firm basis for Dominican political stability has not yet been developed.

A. Balaguer has a number of factors working for him.

1. He received a clear election mandate in June 1966.
2. The President has been relatively effective in handling major problems.
3. Many Dominicans realize that there is no satisfactory alternative to the present government. There will be chaos if Balaguer falls.

B. The fact remains that the country has no history or tradition of constitutional and democratic rule.

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2. Opposition elements are charging that Balaguer--who served Trujillo for many years--is using some of the dictator's tactics.

a. Government actions, such as the roundup of more than 600 "anti-Balaguer conspirators" on January 22 and 23, have lent some credibility to these charges.

3. Balaguer runs the risk of seeing his election mandate seriously eroded over the coming months.

II. Balaguer has put special emphasis on his relations with the military.

A. Before the Inter-American Peace Force was pulled out last September, Balaguer made changes in the military organization and leadership aimed at strengthening his control of the armed services.

DR-2

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C. Balaguer must still take the military's views into account when he advocates reforms, or when he is dealing with the left.

III. Relations between Balaguer and the non-Communist left are not satisfactory. They have been characterized by mutual suspicion and tension.

A. The left-of-center Dominican Revolutionary Party (PRD), the leading opposition group, seems somewhat uncertain of its future course.

1. The departure of Juan Bosch in late November on an extended European trip has contributed to this uncertainty.

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DR-3

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- C. The government may be tempted to employ repressive measures against the PRD, a move certain to increase political tensions.
- IV. Numerous economic and social problems pose a serious danger to long-term stability.
- A. There is a continuing threat of labor disturbances, and severe unemployment creates discontent, particularly in Santo Domingo.
  - B. The country has an international payments gap which could become critical.
  - C. The economy in 1967 is expected to show improvements over 1966, but the US Embassy feels it will remain below pre-revolt levels.
  - D. Many of Balaguer's economic policies appear headed in the right direction, but his centralized control of most economic decisions has slowed down implementation of an emergency investment program financed by the United States.
  - E. Substantial sums of foreign assistance will continue to be needed if the country is to attempt to solve its problems.

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February 1967

BRIEFING PACKAGE

HAITI

I. In Haiti, President Duvalier remains in firm control of the country.

A. "Papa Doc" hit hard and fast in November when he had reason to suspect a military plot against his regime.

1. On November 10 and 11 he fired a number of high-ranking officers, waited a few days to make sure this did not trigger a revolt, and then ordered the officers to present themselves in Port-au-Prince for courtmartial.

2. Duvalier thus benefited three ways from this suspected plot:

- He got rid of a number of officers he didn't trust;

- He replaced them with handpicked, loyal supporters; and

- by firing men at the top, he created openings for a wave of promotions to reward his adherents in both the army and the security.

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B. This is typical of Duvalier's shrewd operations. So was the legislative election held on January 22.

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2. The possibility of cabinet changes was also considered likely. Nonetheless, President Duvalier's carefully staged legislative elections were routine with his pre-picked slate of candidates emerging victorious.

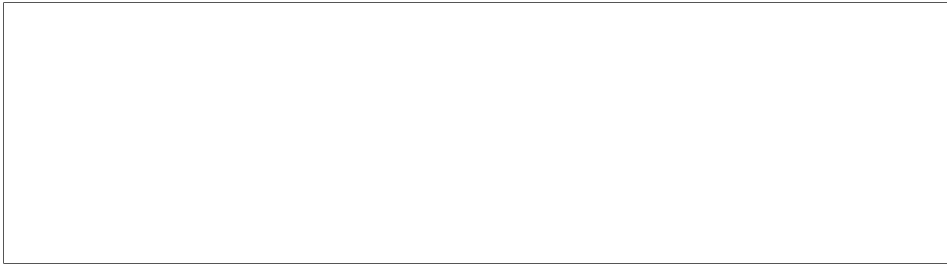
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- II. While Duvalier's political grip remains firm, the Haitian economy keeps on going downhill.
- A. Per capita gross national product is about \$70--the lowest in Latin America.
  - B. In the past, solvency depended to a large degree on U. S. loans and grants. There haven't been any since 1963.
  - C. 1964, 1965, and 1966 were all bad years, and the outlook for 1967 is not favorable. Hurricane Inez in September caused severe damage in an area that produces about 40 percent of Haiti's coffee, Haiti's chief product.
  - D. A recent agreement with the Dominican Republic promises that Duvalier's own finances will stay in better shape. A Migrant Labor Agreement calls for 20,000 to 24,000 Haitian cane-cutters to work in the Dominican sugar harvest.
    - 1. Duvalier will make his own arrangements with the Haitian workers.

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2. The Dominican payment for their services-- estimated as high as \$400,000--will be paid into Duvalier's so-called "non-fiscal funds," which he uses to maintain his power structure.

III. There is practically no active opposition worthy of the name left in Haiti. The few politically-minded people who are against Duvalier are cowed by his oppressive policies and are unorganized.

A. He watches the army like a hawk, and keeps a good share of their weapons and ammunition locked up in the Presidential Palace.

1. His own private goon squads, the Ton Ton Macoutes or "boogeymen," amount to a private army which keeps tabs on the military among other duties.

B. There are no longer any significant opposition political parties out in the open. There is an underground Social Christian movement called the Personalistes, which may have one or two hundred adherents, mainly in Port-au-Prince, but it appears to have little organization.

C. There are two rival Communist parties, which may have as many as 500 members combined, but they are lacking in discipline, are poorly indoctrinated,

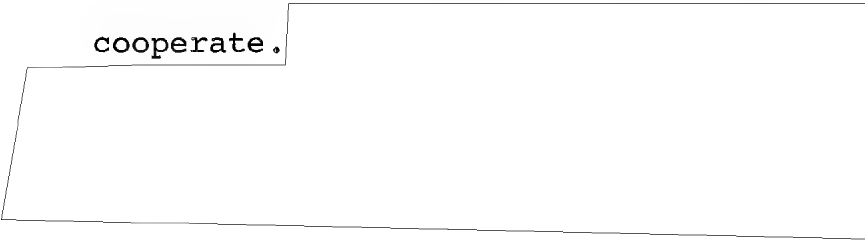
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and inclined to compete rather than  
cooperate.



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February 1967

PANAMA

- I. Relations with Panama are approaching a new and crucial stage.
  - A. Maneuvering for the 1968 presidential elections already has started, and the canal treaty negotiations with the US are the major issue.
  - B. The heat of an election campaign will put pressure on the Robles government to obtain a treaty settlement as early as possible.
  - C. If I am going to talk about Panama elections, I must first take a minute to explain some of the terms our Panama experts love to use.
    1. Most of the time, politics in Panama is controlled by a number of well-entrenched families. These families lead a handful of political parties which, with a few scattered interruptions, have either shared or taken turns at running the country.

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3. To avoid having to repeat this identification every time that the ruling elements are mentioned, we generally refer to the "oligarchical parties." The term is not a happy one, but it saves a lot of words.

D. President Marco Aurelio Robles leads a coalition of the oligarchical parties. The perennial challenger is Arnulfo Arias, who heads the mass-based Panamenista Party.

1. Arias became President by coup in 1941, and by election in 1951, but the oligarchy threw him out before he could finish either term. He may very well have won the 1964 voting, but he lost when the government counted the ballots.
2. He is a very effective demagogue who needs only a good issue, and that is why the negotiations for the new canal treaty are so important.

E. If no agreement can be reached, or if the agreement is unsatisfactory to Panama, Arias

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will make a strong run in 1968 on the platform that the oligarchy cannot defend Panamanian interests against the United States.

II. Robles is firmly convinced that his government at present has the strength to obtain ratification if the draft treaty meets the long-standing aspirations of Panama.

A. Foreign Minister Eleta gave the National Assembly a secret briefing about the treaty talks on December 20. He came away feeling --almost for the first time--that the reaction was favorable enough to justify the belief that a new treaty can be negotiated and ratified.

B. One of the sticking points is United States insistence on having the directorship and a majority of the seats on the joint canal authority which is to administer the present canal.

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III. Maneuvering for the 1968 general elections is beginning to exert a strong influence on political activity.

A. There are four major political parties and several minor ones, mainly left of center in their political orientation and volubly devoted to social reform. The Communist Party is barred from political activities.

B. Leaders of the political parties have been meeting to discuss the formation of coalitions or to make deals for the coming elections.

IV. Oil continues to dominate the Venezuelan economy, despite some diversification through increased agricultural output, expansion of light industry, and development of the Guyana iron industry.

A. The government's petroleum policy has been aimed largely at increasing tax revenues and making clear Venezuelan control over the operations in Venezuela of the foreign oil companies.

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- B. Weak spots in the economy include a mild slump in the construction industry and continuing high unemployment.
- C. The Venezuelan economy has grown at an average annual rate of six percent since 1962, and prospects for the continuation of this rate of growth are good.

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February 1967

BRIEFING PACKAGE

ECUADOR

- I. Ecuador at the moment is involved in the delicate process of trying to shift from military back to constitutional government.
  - A. A constituent assembly last November chose Otto Arosemena as provisional president.
    1. He may serve for as much as a year before a constitutional successor emerges.
  - B. The primary functions of the assembly, which is also acting as a legislature, are to produce a new constitution to replace that of 1946, and to lay the groundwork for general elections.
    1. The assembly has decided on direct popular election of the next president, but has set no date.
    2. The assembly has done little else. Sessions have been so disorderly that the delegates are not expected to complete their work before April 1967.

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C. The new interim president is a hard-driving, personable, opportunistic professional politician. Arosemena is a member of a long-established Guayaquil banking family, and is backed by conservative elements. He is therefore looked upon by the center-left opposition as a representative of the vested interests.

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2. The center-left opposition is beginning to accept the idea that it may have to live with Arosemena for a while, but will undoubtedly try to depose him if the opportunity presents itself.

D. Arosemena has reached a modus vivendi with the military by promising that no major changes will be made in the command structure, and that his government will not support any measures adopted by the assembly that are repugnant to the armed forces.

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II. While the political situation remains uncertain, the most immediate problem facing the government is the worsening financial and economic situation.

A. Encouraging progress has been made in slowing the loss of foreign exchange reserves.

1. There seems to be little likelihood, however, of dealing with the long range financial and economic problems in the near future, given the caretaker nature of the government and the size of the problems.

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February 1967

BRIEFING PACKAGE

BOLIVIA

- I. The Bolivian political scene has been relatively quiet since the inauguration last August of President Rene Barrientos Ortuno. This condition will probably continue for the short run, punctuated at times by periods of uneasiness.
  - A. Barrientos is a popular president. He won 62 percent of the vote in the July elections. His ruling political coalition, the Bolivian Revolutionary Front or FRB, also enjoys an overwhelming majority in both houses of Congress. In spite of the statistics, however, the Barrientos government is not strong.
    1. The FRB--a patchwork combination of four minor political parties and two interest groups--lacks unity, central control, and a common political doctrine.
    2. It is already falling apart and Barrientos has been looking for some alternative or substitute. He will probably be able to

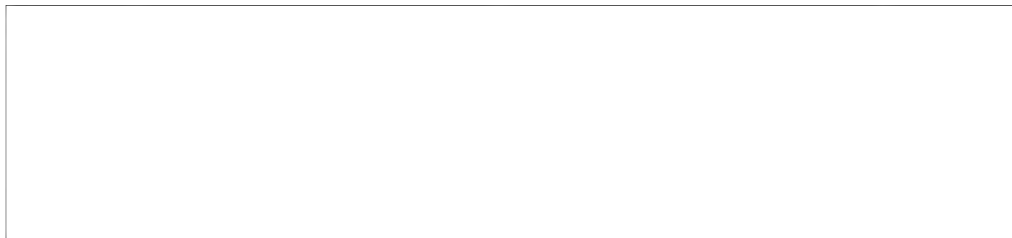
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reorganize his political base eventually, but in the meantime Bolivian politics and government is going to be pretty much a personal one-man show.

- B. Barrientos' real base of power is the armed forces. Without their support, his government can not survive.



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- C. The chief rival for power is the armed forces commander, General Alfredo Ovando Candia.
1. Ovando is an ambitious, but cautious man. He will probably not seek a direct confrontation with Barrientos in the immediate future, for fear of splitting the armed forces' loyalties.
  2. Instead, Ovando will try to keep pressure on Barrientos in hopes that he will stumble. Ovando would then be in a position to take over.
- D. The political opposition to Barrientos is too badly fragmented and internally disoriented to

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pose a serious threat at this time.

II. Bolivia has enjoyed a measure of economic stability under the military junta and the Barrientos government, but many problems remain.

A. These include a large budget deficit, a rising cost of living, and heavy foreign debt. The Bolivian Government is counting heavily on the US to help alleviate these burdens.

B. The major source of economic difficulties for the government continues to be the mining industry, which accounts for nearly all of Bolivia's export earnings.

1. In 1966, COMIBOL, the nation's mining industry, was put on a paying basis for the first time since 1952.

2. The government expects some labor trouble in the tin mines over the issue of wages.

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February 1967

BRIEFING PACKAGE

BRAZIL

- I. Brazilian President Castello Branco will turn over his office on March 15 to former War Minister Arthur da Costa e Silva, a retired army marshal.
  - A. Costa e Silva has not yet announced any specific policies. He is expected to continue most of the present lines. He may try some relaxation of the stringent economic austerity measures.
  - B. His primary base of support, as with Castello Branco, will be the armed forces.
  - C. The new constitution, which takes effect on March 15, incorporates many of the special powers exercised by Castello Branco and greatly strengthens executive power.
  - D. A new press law strengthens penalties for slander or disclosure of "state secrets," and may force the press to be more sure of its facts before attacking public officials, especially the president.

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- II. The Castello Branco government has made an impressive effort to alleviate the chaotic conditions inherited from its predecessors, but many critical problems remain.
- A. The 1966 annual rate of inflation was 41.1 percent, substantially less than the 1964 rate of 87 percent, but near the 1965 level of 45 percent.
  - B. Real wages have declined steadily, contributing to the substantial dissatisfaction among urban labor.
  - C. Restrictive credit policies have drawn protests from business leaders.
  - D. Agricultural output in 1966 was probably down from the bumper 1965 harvest.
- III. The government has effectively reduced the threat of subversion, but there are still potential threats to stability.
- A. The only legal opposition party, the Brazilian Democratic Movement, has been unable to exploit the widespread popular dissatisfaction with the government; in the November congressional elections the pro-government party successfully defended its large majorities in Congress.

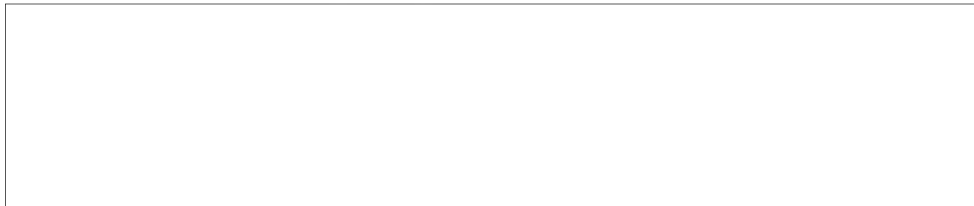
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- B. A political alliance between ex-President Kubitschek and conservative leader Carlos Lacerda has been formed in hopes of capturing popular support. It may, however, fail to qualify as a political party.
- C. Some hard-line military elements continue to press for stronger action against corrupt or subversive elements.



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- E. The Communist Party, in considerable disarray after the revolution, is still factionalized but beginning to reorganize and to reassert its influence, particularly in labor and among students and intellectuals.

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February 1967

BRIEFING PACKAGE

ARGENTINA

I. In Argentina, the authoritarian regime of President Juan Carlos Ongania remains in firm control despite public grumbling over its efforts at economic and labor reform.

A. The armed forces still support Ongania for the present, despite dissatisfaction with some government policies. The military brought him to power after deposing the Illia government in June 1966.

1. After the coup, the generals yielded to Ongania's insistence that they concern themselves only with military affairs, but lately they have again talked of demanding a greater role in policy-making.

2. Ongania's appointment of Julio Alsogaray, [redacted] as commander in chief of the army, gives the generals a forceful spokesman if they continue to disagree with government policies.

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B. The Argentine economy suffers from budgetary deficits, a large external debt, and chronic inflation. The government's initial reform moves alienated business and labor interests.

1. Some business interests welcomed the coup last summer, but were quickly disenchanted when it became clear that there would not be a crackdown on organized labor, that foreign exchange restrictions would continue, and that tax laws would be enforced.
2. Organized labor had accepted the new government grudgingly. A compulsory arbitration law and new work rules for port and railroad workers have now given labor leaders the issues they needed to rally support for anti-government strikes.
3. The appointment of Adalbert Krieger Vasena, a highly qualified and experienced economist, as the new Minister of Economy

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could promote efforts to develop an effective stabilization program. Krieger Vasena quickly announced the 1967 budget after taking office. The budget had been stalled during the ineffective administration of his predecessor, Jorge Salimei.

II. The Ongania regime has indicated that it plans to stay in power until its reforms are completed. Even then it will not permit a return to the former political system.

- A. Those government officials who loudly supported a political system based on a "corporate state" have been replaced in Ongania's new cabinet by members of a moderate right-wing intellectual group headed by Ambassador to Brazil Mario Amadeo.
- B. Ongania, however, has stated that he would prefer to see the development of a two-party system of liberals and conservatives which would absorb both the Peronists and the Radicals.

III. At present, there is no subversive threat to the government from either the Peronists or the

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Communists, and there seems little likelihood that the two groups could ever join forces.

A. The Peronists, who once had a reputation for subversion and terrorism, have been split. The moderates in the movement seem to be gaining control.

1. The moderates, led by labor leader Augusto Vandor, dominate the General Confederation of Labor, and have lately supported negotiations with the regime to end labor disputes.

2. Vandor has also talked of eventually leading a labor party which would be Peronist-based.

B. The Communist Party, although the second largest in Latin America, is weak and ineffective, and closely watched by the government.

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February 1967

BRIEFING PACKAGE

URUGUAY

- I. Uruguay has dropped its Swiss-style plural executive system, and Oscar Gestido will take office in March as the first one-man president in 16 years.
  - A. In November 1966, largely because of dissatisfaction with the government's inability to deal with deteriorating economic conditions, the voters decided to do away with their cumbersome 9-man executive and end eight years of Blanco Party dominance.
  - B. Gestido, a Colorado Party member, has not devised any comprehensive plan to deal with the country's ills, but he has formed a cabinet representing all major sectors of his party and has organized a reasonably competent economic team.
  - C. His job will be difficult because his electoral alliance will control less than half of the Colorado congressional majority.
    1. Unless all of the Colorado factions support Gestido's programs, the Communists may have an important swing vote. They

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increased their congressional representation from 3 to five or six seats in the 99-seat Chamber of Deputies and 1 or 2 in the 30-seat Senate, depending on the decision of the Electoral Court sometime in February.

II. The new constitution, which was approved by the voters in the November elections, will improve the government's ability to deal with problems.

A. It increases presidential powers and provides for much-needed organizational improvements throughout the executive branch.

III. Uruguay has serious economic problems.

A. The rate of inflation in 1967 could match the 1965 rate of nearly 90 percent unless the new government takes energetic action.

B. Industry and agriculture are stagnant, and both imports and exports are down.

C. Unemployment, estimated between 12 and 20 percent, is rising.

D. The budget deficit and foreign debt are also increasing.

E. Workers are being hit hardest by the economic pinch. The serious strikes which plagued Uruguay in late 1966 are likely to be repeated in 1967.

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- IV. The Communist Party, with 18,000 to 20,000 members, has a demonstrated ability to exploit political and economic issues.
- A. The Party's electoral front, FIDEL, doubled its 1962 vote to six percent in recent elections, although it was unable to make significant gains outside of Montevideo.
  - B. The Communists dominate a newly formed labor confederation which represents most of organized labor.
  - C. The party will continue to exploit labor's grievances, both legitimate and artificial, although no major labor agitation with purely political objectives by the Communists is likely until sometime after the new government takes office in March.

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